

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Before Commissioners:

Ruth Y. Goldway, Chairman;
Robert G. Taub, Vice Chairman;
Mark Acton; and
Nanci E. Langley

Competitive Products Price Changes
Rates of General Applicability

Docket No. CP2014-5

NOTICE AND ORDER CONCERNING CHANGES IN RATES OF GENERAL
APPLICABILITY FOR COMPETITIVE PRODUCTS

(Issued November 14, 2013)

On November 13, 2013, the Postal Service filed notice with the Commission concerning changes in rates of general applicability for competitive products.¹ The Notice also includes related classification changes. The Postal Service represents that, as required by the Commission's rules, 39 CFR 3015.2(b), the Notice includes an explanation and justification for the changes, the effective date, and a schedule of the changed rates. *Id.* at 1. The changes are scheduled to become effective January 26, 2014. *Id.*

¹ Notice of the United States Postal Service of Changes in Rates of General Applicability for Competitive Products Established in Governors' Decision No. 13-2, November 13, 2013 (Notice). Pursuant to 39 U.S.C. 3632(b)(2), the Postal Service is obligated to publish the Governors' Decision and record of proceedings in the *Federal Register* at least 30 days before the effective date of the new rates or classes.

Attached to the Notice is Governors' Decision No. 13-02, which evaluates the new prices and classification changes in accordance with 39 U.S.C. 3632, 3633, and 39 CFR 3015.2.² The Governors' Decision provides an analysis of the competitive products' price and classification changes intended to demonstrate that the changes comply with 39 U.S.C. 3633(a) and 39 CFR part 3015. *Id.* at 1.

The attachment to the Governors' Decision sets forth the price changes and includes draft Mail Classification Schedule language for competitive products of general applicability. Selected highlights of the price and classification changes follow.

Priority Mail Express. Overall, Priority Mail Express prices increase by an average of 3.0 percent. A new Zone 9 is added for mailings to and from Micronesia, Marshall Islands, and Palau. In addition, a 10:30 A.M. delivery time option can be added for \$5.00.

Retail prices increase, on average, by 3.1 percent. Prices for Retail Flat Rate Envelopes, Padded Flat Rate Envelopes, and Legal Flat Rate Envelopes increase by 4 cents to \$19.99. The Flat Rate Box prices increase from \$39.95 to \$44.95.

Prices in the Commercial Base category, which offers lower prices to customers who use online or other authorized postage payment methods, increase by 2.9 percent. Prices in the Commercial Plus category, which offers even lower prices to large-volume customers, receive a 0.6 percent increase. A fee of 20 cents per piece will be assessed on commercial parcels that lack an Intelligent Mail Package Barcode.

Priority Mail. The existing structure of Retail, Commercial Base, and Commercial Plus price categories does not change. A new Zone 9 is added for mailings to and from Micronesia, Marshall Islands, and Palau.

Priority Mail Retail Flat Rate Box prices change to \$17.45 for the Large Flat Rate Box and \$15.45 for the Large APO/FPO/DPO Flat Rate Box. Prices for the Small and Medium Flat Rate Boxes are maintained at \$5.80 and \$12.35, respectively. The regular

² Decision of the Governors of the United States Postal Service on Changes in Rates and Classes of General Applicability for Competitive Products (Governors' Decision No. 13-02), October 22, 2013 (Governors' Decision No. 13-02).

Flat Rate Envelope price is \$5.60, and the Legal Size and Padded Flat Rate Envelope prices are \$5.75 and \$5.95, respectively.

For Commercial Plus, the minimum annual volume threshold for cubic pricing and other Commercial Plus offerings are decreased to 50,000 packages. A fee of 20 cents per piece will be assessed on commercial parcels that lack an Intelligent Mail Package Barcode.

Parcel Select. Parcel Select Service prices increase, on average, by 5.9 percent. For destination entry parcels, the average price increases 8.0 percent for dropshipping at a destination delivery unit, 5.6 percent for parcels entered at a destination Sectional Center Facility (SCF), and 5.1 percent for parcels entered at a destination Network Distribution Center (NDC).

For non-destination entered parcels, the average price increase is 5.9 percent. Prices for Lightweight Parcel Select increase by 10.1 percent.

Parcel Return Service. Parcel Return Service prices increase, on average, by 3.0 percent. The price for returned parcels retrieved from a return NDC or a return SCF have a zero percent overall increase, while prices for parcels retrieved from a return delivery unit increase by 5.7 percent.

First-Class Package Service. Commercial First-Class Package Service prices increase, overall, by 5.0 percent. A fee of 20 cents per piece will be assessed on commercial parcels that lack an Intelligent Mail Package Barcode.

Standard Post. Standard Post prices increase by an average of 5.2 percent. Prices in Zones 1-4 are aligned with the Retail Priority Mail prices for those zones. Thus, customers shipping in those price cells will receive Priority Mail service, and will default to Standard Post service only if the item contains hazardous material or is otherwise not permitted to travel by air transportation.

Domestic Extra Services. Premium Forwarding Service prices increase slightly, and a new pricing option is added. The retail counter enrollment fee increases to \$17.00, and a new online enrollment option is available for \$16.00. Prices for Adult Signature service increase to \$5.20 for the basic service and \$5.45 for the

person-specific service. Address Enhancement Service prices increase between 3.6 and 7.7 percent. Competitive Post Office Box prices increase, on average, 3.5 percent. Package Intercept Service increases by an average of 5.0 percent.

Global Express Guaranteed and Priority Mail Express International. Global Express Guaranteed (GXG) service prices increase, on average, by 3.0 percent. Priority Mail Express International (PMEI) service prices increase, on average, by 1.3 percent.

For both GXG and PMEI, most of the existing price structure remains the same. Changes include a revision concerning payment methods for which GXG Commercial Base and PMEI Commercial Base pricing is available; the establishment of PMEI Flat Rate Commercial Base and PMEI Flat Rate Commercial Plus rates; and an increase to 70 pounds for the maximum weight for PMEI for Country Price Group 2.

Priority Mail International. Overall, Priority Mail International (PMI) prices increase by an average of 1.1 percent. The existing price structure of PMI Flat Rate, Retail, Commercial Base, and Commercial Plus price categories do not change, except for the establishment of PMI Flat Rate Commercial Base and PMI Flat Rate Commercial Plus rates, with additional changes concerning the availability of Electronic USPS Delivery Confirmation International. Additional classification changes include a revision concerning payment methods for which PMI Commercial Base is available; an increase to 70 pounds for the maximum weight for PMI for Rate Group 2, as well as revisions concerning PMI contents restrictions and size limitations for PMI items.

International Priority Airmail/International Surface Air Lift. International Priority Airmail (IPA) prices decrease by an average of 2.5 percent. International Surface Air Lift (ISAL) prices decrease by an average of 2.9 percent. Classification changes include revising the structure of IPA and ISAL price categories so that there are 19 rate groups and rates are established by mail shape; a reduction in the minimum weight of Direct Country containers; a reduction in the maximum weight for IPA and ISAL large envelopes/flats; and an increase in the maximum weight for IPA and ISAL packages.

Airmail M-Bags. The published prices for Airmail M-Bags increase by an average of 2.9 percent.

First-Class Package International Service. The overall increase for First-Class Package International Service (FCPIS) Retail prices is 0.8 percent; FCPIS Commercial Base and FCPIS Commercial Plus prices remain unchanged. The existing structure of FCPIS Retail, Commercial Base, and Commercial Plus price categories are maintained, except for a revision concerning payment methods for which PMI Commercial Base is available. In addition, Pickup on Demand is an added option for FCPIS.

International Ancillary Services. Certificates of Mailing prices increase by an average of 9.7 percent. Registered Mail prices increase by an average of 5.4 percent. International Return Receipt prices increase by an average of 7.1 percent. The Customs Clearance and Delivery Fee increases by an average of 9.1 percent. The maximum amount for Vendor Assisted Electronic Money Transfer decreases to \$1500.00.

Details of these changes may be found in the attachment to Governors' Decision No. 13-02 which is included as part of the Notice and contains proposed changes to the Mail Classification Schedule in legislative format.

The Notice also includes three additional attachments:

- A redacted table showing FY 2014 projected volumes, revenues, attributable costs, contribution, and cost coverage for each product, assuming implementation of the new prices on January 26, 2014.
- A redacted table showing FY 2014 projected volumes, revenues, attributable costs, contribution, and cost coverage for each product, assuming a hypothetical implementation of the new prices on October 1, 2013.
- An application for non-public treatment of the attributable costs, contribution, and cost coverage data in the unredacted version of the annex to Governors' Decision No. 13-02, as well as the supporting materials for the data.

The table referenced above shows that the share of institutional cost generated by competitive products, assuming implementation of new prices on January 26, 2014, is expected to be 15.9 percent.

Notice. The Commission establishes Docket No. CP2014-5 to consider the Postal Service's Notice. Interested persons may express views and offer comments on whether the planned changes are consistent with 39 U.S.C. 3632, 3633, 3642, 39 CFR part 3015, and 39 CFR 3020 subparts B and E. Comments are due no later than November 29, 2013.

For specific details of the planned price and classification changes, interested persons are encouraged to review the Notice, which is available on the Commission's website, www.prc.gov.

Pursuant to 39 U.S.C. 505, Tracy N. Ferguson is appointed to serve as Public Representative to represent the interests of the general public in this docket.

It is ordered:

1. The Commission establishes Docket No. CP2014-5 to provide interested persons an opportunity to express views and offer comments on whether the planned changes are consistent with 39 U.S.C. 3632, 3633, 3642, 39 CFR part 3015, and 39 CFR 3020 subparts B and E.
2. Comments on the Notice are due no later than November 29, 2013.
3. The Commission appoints Tracy N. Ferguson to serve as Public Representative to represent the interests of the general public in this proceeding.

4. The Secretary shall arrange for publication of this Order in the *Federal Register*.

By the Commission.

Shoshana M. Grove
Secretary